

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
Thursday, January 25, 2007 - 2:00 p.m.
Room W125, West Office Building, State Capitol Complex

Member Present: Sen. Allen Christensen, Committee Co-Chair
Rep. Merlynn Newbold, Committee Co-Chair
Sen. Chris Buttars
Sen. Peter Knudson
Sen. Ross Romero
Rep. David Litvack
Rep. Roz McGee
Rep. Paul Neuenschwander
Rep. Steve Urquhart
Rep. Paul Ray
Rep. Ken Sumsion

Staff Present: William Greer, Fiscal Analyst
Debbie Headden, Fiscal Analyst
Norda Shepard

Public Speakers Present: Mark Ward, Deputy Director, Department of Human Services
Lisa-Michele Church, Executive Director, Department of Human Services
Eric Bjorlsund, Utah Youth Village
Mark Brasher, Director, Office of Recovery Services
Richard Anderson, Director, Division of Child and Family Services
Duane Betournsay, In-coming Director, Division of Child and Family Services
Alan Ormsby, Director, Division of Aging and Adult Services
Maureen Henry, (what's her title?), Utah Commission on Aging
Margaret K. Petersen, Excursive Director, Utah Youth Providers, Inc.
Karmen Sanone, Salt Lake County Aging

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-Chair Newbold at 2:20 a.m.

Rep. Ray introduced Miss Utah, Heather Anderson, and others representing the American Cancer Society and Breast and Cervical Cancer Awareness and asked them to stand and be recognized.

Rep. Sumsion recognized Richard Anderson, Director of the Division of Child and Family Services, who is retiring in February and commended him for his great service to the Division and the State of Utah.

1. Approval of Minutes

MOTION: Rep. Ray moved to approve the minutes of January 22, 2007. The motion passed unanimously with Sens. Buttars and Knudson and Reps. Litvack, McGee and Urquhart absent at the time of the vote.

2. FMAP Rate Change - Department of Human Services - Tab 19

Fiscal Analyst Debbie Headden explained that the Federal Medical Assistance Percentages (FMAP) represents the federal share of the programs costs for Medicaid. The projected FMAP changes for FY 2008 is 71.26% which is an increase of 0.96% from FY 2007. She stated this is an information item as it is included in the base budget.

3. Adoption of Fees - Department of Human Services - Tab 19

The table on page 3 under Tab 19 shows the proposed fees for FY 2008. Ms. Headden reported there are no proposed changes anticipated. In answer to subcommittee questions, Mark Ward, Deputy Director, Department of Human Services, stated that fees changed in FY 2004 and basically doubled at that time. He said fees do not cover the entire cost of the services but are set at a reasonable rate because the entire cost would be prohibitive for clients.

4. Internal Reallocation of FY 2007 Internal Service Funds - Department of Human Services - Tab 19

Ms. Headden said that the Department of Human Services has requested that \$57,800 from the FY 2007 State Internal Funds for Risk Management Liability be reallocated within divisions within the department as shown on Tab 19, page 3. She explained that this will need Legislative approval because it is between budget line items.

5. Approval of Federal Funds - Department of Human Services - Tab 20 - Issue Brief DHS-08-01

Analyst Headden said that by statute federal funds request summaries need to be reviewed by the subcommittee for recommendation to accept or not accept the federal funds. These are shown under Tab 20.

6. Intent Language - Department of Human Services - Tab 20 - Issue Brief DHS-08-02

Ms. Headden said that subcommittee members, analysts or the Department may introduce new intent language during the legislative process. This issue brief is for review to see if agencies complied with intent language adopted in the 2006 general session. Ms. Headden explained that the blue is the actual intent language; the green is the agency response; and the red is the analyst's recommendation. Items 1 and 2 are completed and it is recommended that they not be continued. The Analyst recommends that items 3 through 9 be continued with a slight change in number 5 to read: *It is the intent of the legislature that funds appropriated for Drug Courts and Drug Boards from the Tobacco Settlement Restricted Account and General Funds be nonlapsing.* Also number 9 would read: *If funds are available, the Division of Aging and Adult Services is authorized to not lapse up to \$100,000 at the end of FY 2007. These funds are to be used for senior center renovations and to assist with vehicle maintenance and replacements within local area agencies on aging.* The Analyst is also recommending new intent language for FY 2008 found on page 4: *It is the intent of the Legislature that the Division of Substance Abuse and Mental Health have nonlapsing authority up to \$50,000 for the purchase of equipment including computers, software, supplies or improvements.* Intent Language will need subcommittee approval.

7. Increases for Operating Expenses for Private and Local Providers - Department of Human Services Tab 20, - Issue Brief DHS-08-03

Ms. Headden stated that the Department of Human Services has five divisions that contract with private and local providers to provide services. One of these divisions, the Division of Juvenile Justice Services, while part of the Department of Human Services, is reviewed in the Executive Offices and Criminal Justice Appropriations Subcommittee and is not part of the request in this subcommittee. Two divisions, the Division of Substance Abuse and Mental Health and the Division of Aging and Adult Services contract with local providers and two divisions, the Division of Services for People with Disabilities and the Division of Child and Family Services contact with private providers.

Ms. Headden explained that contract rates are based on maximum allowable rates (MARs). MARs rates are adjusted annually based on the U.S. Department of Labor Statistics Consumer Price Index. The actual amount paid for contractual services is generally below the MAR rates. Ms. Headden said the issue today is that the overhead portion of the contracts, such as liability insurance, energy costs, and rent have not been included in the calculation for Legislative appropriation and the MAR has steadily increased while the actual contractual rates have increase at a minimal rate, increasing the gap between the MAR and contract rates. The Department of Human services is requesting \$1,950,700 for inflationary increases. The analyst is not recommending that this request be fund for FY 2008 and that intent language be adopted for FY 2008 to read: *It is the intent of the Legislature that the Office of Legislative Fiscal Analyst conduct a study of contract rates of local and private providers and submit a written report*

to be presented to the Health and Human Services Appropriations Subcommittee by the 2008 General Session.

Rep. McGee asked if this requested is not appropriated did the Department have a plan if providers are lost. Lisa-Michele Church, Executive Director, Department of Human Services, stated this is a large crisis in the disability area. She indicated they do not have a general plan because they have over 800 contracts and each one would have to be studied one by one.

8. Overview of Department of Human Services

Mr. Church said that the Department of Human Services is a very large budget with over 5,000 employees. The Department has eight divisions. One, The Division of Juvenile Justice Services, is not heard in this subcommittee. She indicated that not all divisions are asking for additional funding this year. She said she would like to repeat the values that drive Human Services which are promoting self sufficiency and independence, protecting the vulnerable population, being accountable through efficiencies. She said this mission should be shared by the Legislature as the voice of the people. She said she would like to address overall concerns and stated that the needs of the clients will not go away when services are cut.

Ms. Church distributed a chart comparing employees in Human Services, Workforce Services, and Corrections which shows that Human Services has the highest number in the lower quartile. She indicated Human Services has the highest turnover and lowest pay and the Department struggles to keep talented people. She said her staff are motivated, talented, well trained people who work hard for low pay but it is difficult to maintain staffing without adequate employee compensation. She said the building block request recommended by the Governor for discretionary salary increases would be used for front line workers.

Her second concern was providers reimbursement rates. She said the Divisions of People with Disabilities and Child and Family Services rely on these providers. She said the Department oversees these providers carefully to see that they provide the right outcome for clients. She urged consideration for provider increases.

Sen. Buttar's asked if one of the providers, Eric Bjorlsund, could be heard. Mr. Bjorlsund from Utah Youth Village, said that times are tough. He said since 2003-2004 liability insurance rates have increased four fold. He said providers also have to compete for good employees and are hiring front line workers at \$7 an hour. He indicated that some providers are starting to move away from state contracts because private contracts or other states will pay more. Mr. Bjorlsund indicated that what keeps providers is that they are mission driven but to be durable they have to have sufficient reimbursements. Sen. Buttar's indicated that the Boy's Ranch is swamped with calls from those willing to pay higher rates. He said providers who know what they are doing and have success save money for the state.

9. Office of Recovery Services - Tab 26, Budget Brief

Analyst Headden stated the Office of Recovery Services is responsible for collecting funds owed to the state in Human Services, Temporary Assistance to Needy Families (TANF), and Medical Assistance Areas and also collects support payments from non-custodial parents. The base recommended budget is \$48,973,900.

Mark Brasher, Director, Office of Recovery Services distributed and discussed a handout entitled "One Child Support Worker." The handout shows the amount of state and federal funding and the total collections made by the division per child. He said the Office collected \$163 million in child support payments of which \$144 million was passed to families. Ms. Church said this agency earns money for the state and is an efficient operation.

a. Loss of Incentive Funds as State Match - Issue Brief DHS-08-11

Analyst Headden said the Office of Recovery Services is requesting \$1,820,600 in general funds for FY 2008 to replace federal incentive funds previously allowed to be used as state match. She stated this is a critical issue. The implication of this change if state matching funds are not replaced will be an estimated reduction in federal funds of

\$7.1 million. The Analyst is recommending appropriation of this request. She drew attention to the table on page 2 of this Issue Brief which outlines the impact to the Office of Recovery Services if these funds are not replaced. Mr. Brasher stated this \$1.8 million is needed to maintain the current level of service. Ms. Church indicated these funds need to be replaced. She said it is the same as if in business and one partner pulls out, you have to decide if you want to continue and pay for the program yourself. Ms. Headden distributed copies of a memo written from Mark Brasher to the Medicaid Interim Committee relating to this issue.

b. Child Support Call Routing System - Issue Brief DHS-8-12

Analyst Headden explained that the child support call routing system is an automated information system which handles approximately 1.6 million calls annually. The system is capable of answering simple payment questions, and explaining the services provided by the Office of Recovery Services for about 55% of the calls. The agency is requesting \$1,300,000 to replace this system. The cost of replacing the system was provided by Intervoice, Inc. with preliminary estimates of \$1.3 million. However it is too early in the process to tell what the final proposal will be for replacement. The Analyst recommends that since the final proposal has not been completed, that the Office of Recovery Services continue to work with the Department of Technology Services and once a vendor has been selected and a contract negotiated, the agency can request a supplemental. Ms. Church said they would be comfortable with that.

10. Division of Child and Family Services - Tab 27, Budget Brief

Ms. Church introduced Duane Betournay who has been named to replace Richard Anderson as the new director of the Division of Child and Family Services. Mr. Betournay distributed a packet. He stated the Division of Child and Family Services is one of the most watched divisions. Successes generally remain private while the failures become very public. He said the division can not always tell the whole story because of privacy. The division is in the forefront in protecting children and responds to many situations, including a lost child found wandering in the street, a shaken child, meth children, and the removal of children from the home when there is no other option. He said the division is accountable to the public, the Legislature, the family and, most of all, the children served.

Mr. Betournay stated he was happy to take the helm of the division. He discussed manageable caseloads shown on the handout which compares FY 1994 and FY 2006 which shows considerable improvement. He discussed the Qualitative Case Review Scores found in the handout and invited Legislators to attend a two day review which tracks the systems performance and the outcome for the division.

In answer to subcommittee questions, Richard Anderson, Director, Division of Child and Family Services, said the average time when a child is freed for adoption till they are adopted is 20 months.

Ms. Church reported on the David C. Lawsuit. She said the DCFS has had court oversight since 1994 and must report two times a year. She indicated that measures are in place to get out of the court oversight this year.

a. David C. Lawsuit Court Monitor - Tab 20, Issue Brief DHS-08-13

Ms. Headden said the DCFS has been funding a court monitor since 1998. Since the onset it has cost \$5.6 million. The DCFS has made great effort to bring this to a close. The Analyst recommend that the DCFS be appropriated one-time General Funds of \$269,500.

Mr. Anderson said it is anticipated that in spring or early summer it will be completed. He said as a result of this oversight, Utah children are safer and as an outcome, Utah is leading the nation in many areas. Under Tab 31, Appendix C gives additional information on the three milestones that still need to pass the quality case review: (1) case process review; (2) qualitative case review process; and (3) quality improvement committees.

b. DCFS Additional Caseworkers - Tab 20 - Issue Brief DHS-08-14

Ms. Headden explained that the DCFS's primary purpose is to provide child welfare services and to protect children from abuse and neglect. In order to do this, the division is requesting an appropriation of \$1,743,700, with \$1,525,700 from General Funds and \$218,000 from federal funds for 24 additional caseworkers for FY 2008. She said in September of 2002 the Office of Legislative Auditor General issued a report which established the caseload per caseworker for maximum effectiveness. The division is expecting a savings at the end of FY 2007 in Out-of-home Services and Adoption Assistance programs and the Analyst is recommending that intent language be adopted that makes these funds nonlapsing and for use for these programs. Substance abuse among women is increasing among women with children. The Analyst is recommending that DCFS receive an appropriation of \$871,900, with \$762,000 from General Funds and \$109,900 from federal funds for 12 additional caseworkers and adoption of the intent language under this issue brief to use internal savings for 12 additional caseworkers bringing the total to 24 and for 12 vehicles.

Mr. Anderson said that because of efficiency the DCFS has come up with savings to increase case workers. He said this would be an investment in the future because we know we will have future growth. He said the chart on page 3 of the handout shows the number of caseworkers needed for the projected population growth. Page 4 shows the adoption and out-of-home revenue vs. expenses. He indicated the length of time of children in the system and the reason more are coming into the system is due to substance abuse by parents. He discussed the charts on page 5 and 6 showing comparison days in intensive residential care and adoption carve out billings by quarter.

Mr. Anderson distributed the Child and Family Services Annual Report 2006 and thanked the subcommittee for continued support during the six years he has served as director. He said he knows Mr. Betournay will continue to do a great job with the program and staff in place.

Sen. Buttars said he has worked with Mr. Anderson and he is man of quality. Sen. Buttars said he wished the best for him in his next life. Rep. Ray also thanked Mr. Anderson for his service and said he has done a great job. Rep. Ray indicated he received many complaints about the DCFS in 2001 and that they have dropped to almost none. Rep. Litvack said the lower complaint calls attest to Mr. Anderson's ability to make improvements and bring sides together.

11. Division of Aging and Adult Services - Tab 28, Budget Brief

Analyst Headden stated the recommended base budget for this division was \$21,950,300. Alan Ormsby, Director, Division of Aging and Adult Services distributed that division's Annual Report 2006 and a paper outlining Utah's aging challenges. The paper lists the services that were delivered by the twelve area agencies on aging, local governments, volunteers and charitable organizations. He said the state needs to be prepared for the future challenge of the aging baby boomers

He explained the Out and About program for senior transportation and the Senior Ride Share program where seniors, who can no longer drive themselves, can a car for value in rides. Drivers will be volunteers. They will need seed money of \$110/\$125 thousand and then the program will be self sustaining. He said the aim of the division is to help seniors remain independent as long as possible. He added the volunteers are very important, for example when they deliver meals-on-wheels they also visit and check on the elderly. He said the ombudsman program is important to insure that long-term care centers are safe.

a. Medicaid Nursing Home Placement Prevention Program or the Aging Waiver - Tab 20 -Issue Brief-08-15

Ms. Headden stated the objective of this program is to provide services to allow senior citizens to remain in a community setting rather than being placed in a skilled nursing facility. To qualify for this program an individual must be 65+ years old, require a nursing home level of care, and meet Medicaid eligibility requirements for income and assets. Once on the Waiver they receive services as long as they still meet the requirements. She noted that the Utah Commission on Aging estimates that Utah's 65+ population will grow by 188% by 2030. During the 2006 General Session, the Legislature appropriated \$300,000 of one-time General Fund for the Waiver Program and they are requesting that this be made on-going. The Analyst is recommending that \$340,000 in General Funds for the

Medicaid waiver for aging services be appropriated.

Mr. Ormsby said this is one way to really be cost effective and save the state money.

b. Meals on Wheels - Tab 20 -Issue Brief-08-16

Ms. Headden said the Meals on Wheels Program assists homebound seniors at risk for malnutrition by providing a nutritious, hot meal. It also provides contact to those who look forward to someone visiting each day. The division is requesting funding to expand this service to 100 additional seniors. The Analysts recommend that \$146,000 from General Fund be appropriated to cover this for FY 2008.

Mr. Ormsby said this is a very good program. Clients are carefully screened to see that they qualify. Volunteer drivers are used for delivery. This is in many cases the only good meal these clients receive and if not funded some seniors will suffer.

c. Long-term Care Ombudsman - Tab 20 -Issue Brief-08-17

Ms. Headden explained that the Long-term Care Ombudsman has the responsibility of promoting, advocacy, and ensuring the adequacy of care received, and the quality of life experiences by elderly residents of long-term care facilities within the state. Funding for this program has remained flat since 1993 as shown on the chart on page 2 of the issue brief. She said that in the past there has been concern of duplication of investigations by the Adult Protective Services (APS) and the Long-term Care Ombudsman (LTCO) and starting in FY 2008, 3 full time FTEs and their associated expenditures of \$180,000 will be transferred from APS to the LTCO. Therefore, the Analyst is recommending that no additional funding for the LTCO be made for FY 2008.

d. Senior Transportation Pilot Program - Tab 20 - Issue Brief - 08-18

This program was discussed earlier. The Analyst recommends that the request for one-time General Funds for FY 2008 not be funded but that non-lapsing authority adopted during last session be changed to fund this project. The Analyst recommends that the subcommittee adopt the following supplemental intent language: *It is the intent of the Legislature that the Division of Aging and Adult Services is authorized to not lapse up to \$100,000 at the end of FY 2007 with \$45,000 to be used for senior center renovations and to assist with vehicle maintenance and replacements within the local area agencies on aging, and \$55,000 to be used for the Senior Transportation Ride Share Pilot Program.*

e. Report from the Utah Commission on Aging - Tab 31

The Annual Report 2005-2006 from the Utah Commission on Aging is found under Tab 31. Maureen Henry, (didn't get her title?) distributed a handout which highlights some of the findings found in the Annual Report. She said Utah spends \$150 million per year on Medicaid for those age 65+ and with the increase in the older population this could be up to \$1 billion in 20 years. She said the Utah Commission on Aging is trying to look at ways to keep people healthy so fewer will be using these services. It is a matter of educating the young to plan ahead.

12. Local and Private Providers

Margaret Peterson, Executive Director, Youth Providers Association, distributed handouts. She reported there are 100 youth providers who contract with the state who are committed to provide high quality services for Utah's youth. However, they are experiencing serious problems with rate reimbursements and rising costs. She said this is shown on the graphs on the last page of the handout which shows business cost increases and rate history. She urged support of the \$1.4 million for youth providers rate increases to enable them to continue to offer quality service to the youth.

Karmen Sanone an advocate with Salt Lake County Aging distributed a packet on Utah Senior's Issues-2007. The first

issue was funding for home and community based care which she indicated is designed to help keep people in their homes and maintain independence. She urged restoration of one-time for the Medicaid Waiver. If it is not restored, 200 people will have to be cut from the service. She indicated the requested funding for meals on wheels is very important as the need is growing, especially in rural areas. There is also a funding request to restore meals to five days a week in senior citizen centers. She urged approval of funding for transportation needs and funding to add six local long term care ombudsman.

MOTION: Sen. Romero moved to adjourn. The motion passed unanimously with Sen. Knudson absent at the time of the vote.

Co-Chair Newbold adjourned the meeting at 5:10 p.m.

Minutes recorded by Norda Shepard, Secretary

Sen. Allen Christensen, Committee Co-Chair

Rep. Merlynn T. Newbold, Committee Co-Chair